## <u>REMARKS</u>

This is in response to the Office Action of July 16, 2007. With this response, claims 1, 3-5, 14, 16, 17, 25 and 28 are amended, claims 2 and 15 are canceled and all pending claims 1, 3-14 and 16-28 are presented for reconsideration and favorable action.

In the Office Action, claim 5 was rejected under 35 U.S.C. § 112. A typographical error in that claim has been corrected and it is believed that the rejection may be withdrawn.

The claims were rejected based upon Saito (US 5,886,922), either alone or in combination with Onoe '639. Applicant has reviewed these references and it is believed that the amended claims are patentably distinct.

The amended independent claims include a shield which extends around the read electrode and is arranged to reduce noise sensed by the read electrode and increase spacial resolution of the read electrode. It is believed that Saito does not show such a shield. Element 22 of Saito is identified a conductive needle in element 22a is identified as the tip of the conductive needle. However, Saito does not show a shield which extends around the read electrode. As discussed in the instant specification, the shield reduces noise sensed by the read electrode and increases the spacial resolution thereby allowing higher density recording. As the references do not show such a configuration, it is believed that the rejections should be withdrawn.

Additionally, Applicant notes that the dependent claims include configurations which are not shown or suggested by Saito, either alone or in combination with Onoe. This includes a second electrode used for writing data and wherein the write electrode is positioned adjacent the read electrode. In contrast, Saito only appears to show a plurality of individual spaced apart electrodes. Further, the dependent claims include a shield which separates the write electrode from the read electrode, a configuration in which the transducer is carried in a slider, along with other configurations.

In view of the above amendments and remarks, it is believed that the present application is in condition for allowance. Reconsideration and favorable action are respectfully requested.

The Director is authorized to charge any fee deficiency required by this paper or credit any overpayment to Deposit Account No. 23-1123.

Respectfully submitted,

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